

Bureau of the Deputy Minister

Quebec, May 6, 2016

Mr. Francis MacKenzie
The President
North Atlantic Iron Corporation
1809 Barrington Street, suite 805
Halifax (New Scotland) B3J 3K8

Dear Mr. President,

We would like to highlight the interest of the Ministry of Innovation, Science and Economic Development regarding the development of your pig iron production project, which would be located in Saguenay and of which the realization would be borne through a subsidiary that intends to be incorporated (PigCo). This project, with an estimated budget of \$ 462 million anticipates creating 117 direct jobs.

In this context, we would like to confirm the interest of the Government of Quebec to participate in financing your project through its agent, Investissement Québec. The proposed financing amount would represent an amount equivalent to almost 20% of the estimated budget of your project, about \$ 115 million.

As for the fundraising required by the PigCo project, funding would take the form of a minority subscription of PigCo share capital for a maximum amount of \$ 55 million. Government financing would also be accompanied by granting a loan of a maximum amount of \$ 60 million in favor of PigCo.

Complete terms and conditions of the financing will be defined at a later date by the Ministry of Innovation, Science and Economic Development, in collaboration with Investissement Québec, given that everything is subject to the approval of the Cabinet.

Yours sincerely,

The Deputy Minister of Innovation,
Science and Economic
Development

Signature

Jocelin Dumas